

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Office of the Lieutenant Governor  
State of Louisiana  
Baton Rouge, Louisiana

December 20, 2000



***Financial and Compliance Audit Division***

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***Daniel G. Kyle, Ph.D., CPA, CFE***  
***Legislative Auditor***

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### **LEGISLATIVE AUDITOR**

**Daniel G. Kyle, Ph.D., CPA, CFE**

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**OFFICE OF THE LIEUTENANT GOVERNOR  
STATE OF LOUISIANA**  
Baton Rouge, Louisiana

Special Purpose Financial Statements  
and Independent Auditor's Reports  
As of and for the Year Ended June 30, 2000  
With Supplemental Information Schedule

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

December 20, 2000

**OFFICE OF THE LIEUTENANT GOVERNOR  
STATE OF LOUISIANA**

Special Purpose Financial Statements  
and Independent Auditor's Reports  
As of and for the Year Ended June 30, 2000  
With Supplemental Information Schedule

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DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (225) 339-3800  
FACSIMILE: (225) 339-3870

December 14, 2000

Independent Auditor's Report  
on the Financial Statements

**HONORABLE KATHLEEN BABINEAUX BLANCO**  
**LIEUTENANT GOVERNOR**  
**OFFICE OF THE LIEUTENANT GOVERNOR**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

We have audited the accompanying special purpose (legal basis) financial statements of the Office of the Lieutenant Governor, an office within Louisiana state government, as of and for the year ended June 30, 2000, as listed in the table of contents. These financial statements are the responsibility of management of the Office of the Lieutenant Governor. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1 to the financial statements, the accompanying special purpose financial statements present only the funds of the Office of the Lieutenant Governor. As such, they present the appropriated and non-appropriated activity of the office that are part of the accounts and fund structure of the State of Louisiana. The General Appropriation Fund reflects appropriated activity of the department that is part of the General Fund of the State of Louisiana. The non-appropriated fund is an individual fund of the State of Louisiana not subject to budgetary control. Furthermore, the special purpose financial statements have been prepared on a legal basis of accounting, the purpose of which is to reflect compliance with the annual appropriation act for the appropriated fund and the financial position of the non-appropriated funds. These procedures differ from generally accepted accounting principles as described in the notes to the financial statements. Accordingly, the accompanying special purpose financial statements are not intended to and do not present financial position and results of operations in conformity with generally accepted accounting principles.



LEGISLATIVE AUDITOR

HONORABLE KATHLEEN BABINEAUX BLANCO  
LIEUTENANT GOVERNOR  
OFFICE OF THE LIEUTENANT GOVERNOR  
STATE OF LOUISIANA  
Audit Report, June 30, 2000

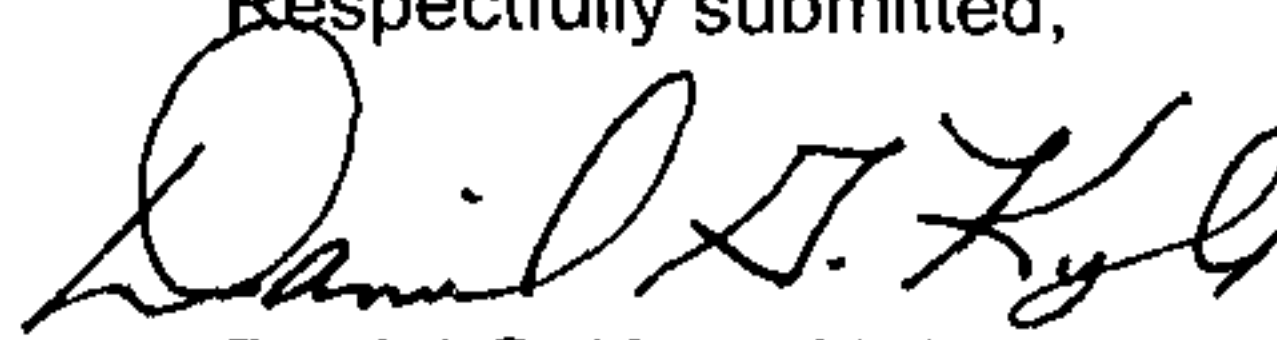
In our opinion, the accompanying special purpose financial statements referred to previously present fairly, in all material respects, the balances within the appropriated and non-appropriated funds of the Office of the Lieutenant Governor at June 30, 2000, and the transactions of the General Appropriation Fund for the year then ended, on the basis of accounting described in note 1-B.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2000, on our consideration of the Office of the Lieutenant Governor's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the accompanying special purpose financial statements of the Office of the Lieutenant Governor taken as a whole. The accompanying supplemental information schedule is presented for the purpose of additional analysis and has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is stated fairly in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Office of the Lieutenant Governor and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle", is written over a horizontal line.

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

NMW:EFS:DSP:ss

[LTGOV]

**OFFICE OF THE LIEUTENANT GOVERNOR  
STATE OF LOUISIANA  
ALL APPROPRIATED AND  
NON-APPROPRIATED FUNDS**

**Balance Sheet (Legal Basis), June 30, 2000**

	APPROPRIATED FUND - GENERAL APPROPRIATION	NON-APPROPRIATED FUNDS INCOME NOT AVAILABLE	PAYROLL CLEARING	TOTAL (MEMORANDUM ONLY)
<b>ASSETS</b>				
Cash (note 1-C)	\$765,946		\$15,557	\$781,503
Receivables - due from:				
Federal government	341,587			341,587
Other agencies	96,742	\$871		97,613
<b>TOTAL ASSETS</b>	<b>\$1,204,275</b>	<b>\$871</b>	<b>\$15,557</b>	<b>\$1,220,703</b>
<b>LIABILITIES AND FUND EQUITY</b>				
Liabilities:				
Accounts payable	\$597,866			\$597,866
Payroll payable	13,225			13,225
Payroll deductions payable			\$6,335	6,335
Accrued employee benefits			9,222	9,222
Due to state General Fund	601,781	\$871		602,652
Deferred revenues	1,696			1,696
Total Liabilities	1,214,568	871	15,557	1,230,996
Fund Equity - unreserved - undesignated (deficit) (note 7)	(10,293)	NONE	NONE	(10,293)
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$1,204,275</b>	<b>\$871</b>	<b>\$15,557</b>	<b>\$1,220,703</b>

The accompanying notes are an integral part of this statement.

**OFFICE OF THE LIEUTENANT GOVERNOR  
STATE OF LOUISIANA  
GENERAL APPROPRIATION FUND**

**Statement of Revenues, Expenditures, and  
Changes in Fund Balance (Legal Basis)  
For the Year Ended June 30, 2000**

**REVENUES**

State General Fund	\$664,817
Federal funds	2,606,970
Interagency receipts	414,652
Total revenues	<u>3,686,439</u>

**EXPENDITURES**

Administrative	1,656,137
Grants	2,489,029
Total expenditures	<u>4,145,166</u>

<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	<u>(458,727)</u>
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**OTHER APPROPRIATED FINANCING SOURCES (Uses)**

Transfers in	875,000
Transfers out	(405,460)
Total other appropriated financing sources (uses)	<u>469,540</u>

<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	10,813
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<b>FUND BALANCE AT BEGINNING OF YEAR - RESTATED</b>	<u>(21,106)</u>
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<b>FUND BALANCE AT END OF YEAR</b>	<u><u>(\$10,293)</u></u>
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The accompanying notes are an integral part of this statement.



**Statement C**

**OFFICE OF THE LIEUTENANT GOVERNOR  
STATE OF LOUISIANA  
GENERAL APPROPRIATION FUND**

**Statement of Revenues, Expenditures, and  
Unexpended Appropriation - Budget  
Comparison of Current-Year Appropriation -  
Budget (Legal Basis) and Actual  
For the Year Ended June 30, 2000**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>			
State General Fund	\$861,138	\$664,817	(\$196,321)
Interagency transfers	615,058	414,652	(200,406)
Statutory dedications	875,000	469,540	(405,460)
Federal funds	3,154,146	2,613,070	(541,076)
Total revenues	<u>5,505,342</u>	<u>4,162,079</u>	<u>(1,343,263)</u>
<b>EXPENDITURES</b>			
Appropriated for:			
Administrative	2,706,091	1,665,136	1,040,955
Grants	2,769,204	2,496,943	272,261
Unalloted	30,047		30,047
Total expenditures	<u>5,505,342</u>	<u>4,162,079</u>	<u>1,343,263</u>
<b>UNEXPENDED APPROPRIATION - CURRENT YEAR</b>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

The accompanying notes are an integral part of this statement.

**OFFICE OF THE LIEUTENANT GOVERNOR  
STATE OF LOUISIANA**

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2000

**INTRODUCTION**

The Office of the Lieutenant Governor is an office within the State of Louisiana reporting entity. The office was created in accordance with Article 4, Section 6 of the Louisiana Constitution of 1974, as a part of the executive branch of government. As set forth by the state constitution, the lieutenant governor serves as governor in the event of a vacancy in the Office of the Governor; serves as an ex-officio member of each committee, board, and commission on which the governor serves; and exercises any powers delegated to her by the governor in the performance of her assigned duties. Act 124 of 1986 placed the Louisiana Department of Culture, Recreation and Tourism under the control of the Office of the Lieutenant Governor. The Louisiana Department of Culture, Recreation and Tourism is responsible for the preservation and promotion of Louisiana's cultural attractions, state parks, and the development of tourism. The lieutenant governor has the authority to appoint the secretary and undersecretary of the Louisiana Department of Culture, Recreation and Tourism, as well as an assistant secretary for each office in the department. The staff of the Office of the Lieutenant Governor consists of 12 full-time employees at June 30, 2000. The financial statements for the Louisiana Department of Culture, Recreation and Tourism are reported separately and are not included in this report.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Governmental Accounting Standards Board (GASB) promulgates generally accepted accounting principles and reporting standards for state and local governments. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. However, the accompanying financial statements have been prepared on a legal basis, which differs from generally accepted accounting principles as explained in the following notes.

The State of Louisiana has been determined to be the reporting entity under generally accepted accounting principles. The accompanying financial statements represent activity of an office within state government and, therefore, are a part of the fund and account group structure of the State of Louisiana and its general purpose financial statements.

**A. FUND ACCOUNTING**

The Office of the Lieutenant Governor uses fund accounting, along appropriation lines, to reflect its compliance with provisions of the annual appropriation act and to reflect the financial position of its non-appropriated funds. This differs from the fund accounting of generally accepted accounting principles where the intent is to measure the financial position and results of operations of the governmental reporting entity as a whole.

**OFFICE OF THE LIEUTENANT GOVERNOR  
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

Therefore, the funds within the accompanying financial statements have been divided between appropriated and non-appropriated funds and not by the conventional fund types of generally accepted accounting principles.

The funds do not include any noncurrent assets or liabilities. Noncurrent assets, general fixed assets, and long-term liabilities are reflected in the State of Louisiana's general purpose financial statements.

The funds presented in the special purpose financial statements are described as follows:

**GENERAL APPROPRIATION FUND**

The General Appropriation Fund accounts for all appropriated revenues, operating expenditures, and minor capital acquisitions.

**NON-APPROPRIATED FUNDS**

**Income Not Available**

The office collects funds specifically identified by the Division of Administration, State Budget Office, as income not available that are remitted to the state treasury. These amounts are not available to the office for expenditure and, therefore, are not included on Statement B.

**Payroll Clearing Fund**

The Payroll Clearing Fund accounts for payroll deductions and accrued benefits. The Payroll Clearing Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

**B. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The funds in the accompanying financial statements measure the resources provided by the legislature to fund current-year expenditures and the use of those resources by the office. This differs from generally accepted accounting principles in which the measurement focus would be to measure the flow of current resources.

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements, regardless of the measurement focus applied. The accompanying financial statements reflect revenues and expenditures in accordance with applicable statutory provisions and regulations of the Division of Administration,

**OFFICE OF THE LIEUTENANT GOVERNOR**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

Office of Statewide Reporting and Accounting Policy. These legal requirements differ from generally accepted accounting principles as follows:

1. Revenues are recognized to the extent that they have been appropriated and not necessarily when measurable and available.
2. Expenditures are recognized to the extent that appropriation authority has been extended to the office and not necessarily when the fund liability has been incurred.

Under the foregoing legal provisions, the office uses the following practices in recognizing revenues and expenditures:

**Revenues**

The state General Fund appropriation is recognized in the amounts appropriated, to the extent withdrawn from the state treasury. Interagency receipts are recognized in the amounts earned, to the extent that they will be collected within 45 days of the close of the fiscal year. Federal funds are recognized as revenue in the period in which they become susceptible to accrual or when the related expenditure is incurred.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that obligations of employee vested annual and sick leave are recognized as expenditures when paid. Furthermore, any expenditure of a long-term nature for which funds have not been appropriated during the current year is not recognized in the accompanying financial statements.

**Other Financing Sources (Uses)**

Transfers are recognized in the year the office is authorized to receive or make the transfers.

**C. CASH**

Cash consists of \$781,503 on deposit with the state treasury. Cash balances are held and controlled by the state treasurer and are secured from risk by the state treasurer through separate custodial agreements, and the risk disclosures required by generally accepted accounting principles are included within the state's general purpose financial statements. The following is a summary of cash in the state treasury:



**OFFICE OF THE LIEUTENANT GOVERNOR  
STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

ISIS means of finance	\$530,460
ISIS operating	235,486
Payroll clearing	<u>15,557</u>
Total	<u><u>\$781,503</u></u>

**D. GENERAL FIXED ASSETS**

At June 30, 2000, the office has stewardship responsibility for \$142,067 in governmental movable property, valued at historical cost at the time of acquisition. The movable property is not reflected in the accompanying special purpose financial statements. A summary of changes in movable property follows:

Balance July 1, 1999	Adjustment	Restated Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
<u>\$134,599</u>	<u>\$711</u>	<u>\$135,310</u>	<u>\$15,412</u>	<u>\$8,655</u>	<u>\$142,067</u>

The office has complied with the movable property statutes of the State of Louisiana as required by Louisiana Revised Statutes (R.S.) 39:321-332.

**E. LONG-TERM OBLIGATIONS**

The office is by statute not allowed to incur bonded indebtedness and, therefore, no recognition within the accompanying financial statements is necessary. Furthermore, any long-term obligations of the office arising from lease commitments, installment purchases, judgments, compensated absences, or from any other source are not recognized in the accompanying special purpose financial statements.

**F. ENCUMBRANCE ACCOUNTING**

Encumbrances represent commitments relating to unperformed contracts for goods or services. The office employs encumbrance accounting during the year to ensure compliance with the annual appropriation act. Encumbrances are not included in the accompanying financial statements because R.S. 39:82 and the annual appropriation act do not allow the office to charge encumbrances against its current-year appropriation, the basis upon which the accompanying financial statements have been prepared. The office did not have any encumbrances at June 30, 2000.

**OFFICE OF THE LIEUTENANT GOVERNOR**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**G. BUDGET PRACTICES**

The appropriation made for the general operations of the office is an annual lapsing appropriation valid for one year and is recorded in the General Appropriation Fund. Revenues and expenditures for budget purposes are recognized on the same basis of accounting as described in note 1-B, except that prior year cash carryovers and transfers are recognized as revenues or expenditures on Statement C, and accruals of payroll at fiscal year-end are not recognized as revenues and expenditures on Statement C. Revenues and expenditures per Statement B are reconciled with amounts reflected on the budget comparison, Statement C, as follows:

Revenues per Statement B	\$3,686,439
Fiscal year:	
1999-2000 payroll accrual - federal portion	(2,932)
1998-1999 payroll accrual - federal portion	9,032
Transfers in	875,000
Transfers out	<u>(405,460)</u>
Revenues per Statement C	<u>\$4,162,079</u>
Expenditures per Statement B	\$4,145,166
Fiscal year:	
1999-2000 payroll accrual	(13,225)
1998-1999 payroll accrual	<u>30,138</u>
Expenditures per Statement C	<u>\$4,162,079</u>

The office is prohibited by statute from overexpending the categories established in the general appropriation act. Budget revisions are granted by the Joint Legislative Committee on the Budget. Interim emergency appropriations may be granted by the Interim Emergency Board. The budget information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

Original approved budget - Act 10 of 1999	\$4,880,342
Increases:	
State General Fund	250,000
Statutory dedication	<u>375,000</u>
Total	<u>\$5,505,342</u>

The non-appropriated funds are not subject to budgetary control.



**OFFICE OF THE LIEUTENANT GOVERNOR  
STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**H. LEAVE BENEFITS**

Employees earn and accumulate annual and sick leave at various rates depending on their years of service, without limitation on the balance that can be accumulated. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay but are not compensated for unused sick leave. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. The liability for unused annual leave payable at June 30, 2000, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60.104, is estimated to be \$47,713. The leave payable is not recorded in the accompanying financial statements.

Certain employees of the office are eligible to earn compensatory time, as defined by the Department of State Civil Service and the Fair Labor Standards Act. These employees can earn and accumulate one hour or one and one-half hours for each hour of overtime worked, depending on their position and rate of pay. Generally, the employees are allowed to carry up to 360 hours of accrued compensatory leave from one calendar year to another. The liability for accrued compensatory leave at June 30, 2000, computed in accordance with GASB Codification Section C60.105, is estimated to be \$4,803. Accumulated compensatory leave is not accrued (reflected) in the accompanying special purpose financial statements.

**I. TOTAL COLUMN ON BALANCE SHEET**

The total column on the balance sheet is captioned *Memorandum Only (overview)* to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position. Neither is such data comparable to a consolidation.

**2. PENSION PLAN**

Substantially all employees of the office are members of the Louisiana State Employees Retirement System, a cost-sharing, multiple-employer defined benefit pension plan. Required disclosures for the plan for fiscal year 2000 are included in the Louisiana Comprehensive Annual Financial Report prepared by the Division of Administration, Post Office Box 94095, Baton Rouge, Louisiana 70804-9095.

**3. POSTRETIREMENT HEALTH CARE  
AND LIFE INSURANCE BENEFITS**

The office provides certain continuing health care and life insurance benefits for its retired employee. Substantially all of the office's employees become eligible for these benefits if they reach normal retirement age while working for the office. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and the office. The office's costs of providing retiree

**OFFICE OF THE LIEUTENANT GOVERNOR**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 2000, the costs of retiree benefits totaled \$5,475 for one retiree.

**4. JUDGMENTS, CLAIMS, AND  
SIMILAR CONTINGENCIES**

Obligations and losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund or by General Fund appropriation and are not reflected in the accompanying special purpose financial statements. The self-insurance fund is operated by the Office of Risk Management, the state agency responsible for the state's self-insurance program.

The office has received federal grants for specific purposes that are passed through to subgrantees and are subject to audit and review by grantor agencies. As a result of a review by the *Office of the Inspector General of the Corporation for National Service* and an audit by a certified public accounting firm, costs for \$31,300 were questioned as not being allowable charges to the grant by a subgrantee, New Orleans Youth Action Corps (NOYAC). The Office of Lieutenant Governor is contingently liable for the repayment of these costs should NOYAC be unable to resolve these questioned costs. This amount is not accrued in the accompanying financial statements.

**5. LEASE OBLIGATIONS**

The office has no capital leases but does have an operating lease for office space. The annual rental payments are as follows:

<u>Fiscal Year</u>	<u>Office Space</u>
2001	\$24,000
2002	<u>4,000</u>
Total	<u><u>\$28,000</u></u>

The lease agreement has a non-appropriation exculpatory clause that allows for the lease cancellation if the legislature does not make an appropriation for its continuation during any future fiscal period. The office paid operating lease expenditures for building, equipment, and other rent of \$57,227 during the fiscal year ended June 30, 2000.

**6. TRANSFERS IN/OUT**

As shown on Statement B, transfers in of \$875,000 represent \$500,000 of statutory dedications received by the Office of the Lieutenant Governor for the New Orleans Visitors Information

**OFFICE OF THE LIEUTENANT GOVERNOR  
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

Center (NOVIC) and \$375,000 for a prior year carry-forward of statutory dedications. Of this total, \$469,540 was expended during the fiscal year and \$405,460 was transferred out to the state treasury at fiscal year-end. The Office of the Lieutenant Governor has a cooperative endeavor agreement with NOVIC to provide a visiting and information center for tourists of the state of Louisiana and the New Orleans area.

**7. UNRESERVED - UNDESIGNATED  
FUND BALANCE (Deficit)**

As shown on Statement A, at June 30, 2000, the office has an unreserved - undesignated fund balance deficit of \$10,293. This was the result of the accrual of payroll payables that were required by the Office of the Governor, Division of Administration, but are not included in the 1999-2000 fiscal year budget and the accrual of deferred revenues relating to excess federal funds drawn down from the federal grantor. The deficit will be resolved by liquidating the payroll liabilities with funds appropriated in the 2000-2001 fiscal year and by reducing the subsequent federal draw for allowable program expenditures in fiscal year 2001 by the amount of the excess drawn.

**8. DEFERRED COMPENSATION PLAN**

Certain employees of the Office of the Lieutenant Governor participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, P.O. Box 94397, Baton Rouge, Louisiana 70804-9397.

**9. FOUNDATION**

The Foundation for the Mid South, Inc., (the Foundation) is a not-for-profit organization serving the states of Arkansas, Louisiana, and Mississippi. An account was originally set up with the Foundation to provide private sector and individual donors with a tax-deductible recipient for contributions. These donated funds were used in lieu of the state's funds to match federal grant monies provided to the Office of the Lieutenant Governor for post service benefits for educational and related purposes for eligible corps members. Most recently the Foundation accepted a grant from Kellogg, the funds from which are administered by the Louisiana Association of Non-Profit Organizations (LANO). The account is currently a holding account and will remain active until the original members' eligibility expires.

The Foundation is a legally separate entity, which is audited biannually by an independent certified public accountant. The Office of the Lieutenant Governor does not appoint a voting majority of the Foundation's board nor is the Foundation fiscally dependent upon the Office of Lieutenant Governor. In accordance with the Articles of Incorporation and Bylaws of the

**OFFICE OF THE LIEUTENANT GOVERNOR**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Concluded)

Foundation, the Foundation has ultimate control over all property in the fund and the income derived therefrom. These funds are, therefore, excluded from the Office of the Lieutenant Governor's financial statements. However, the Office of the Lieutenant Governor continues to provide limited oversight services for disbursements of funds for post service benefits to eligible members. At June 30, 2000, the balance in the holding account is \$27,290 and disbursements for the year total \$96,704.

**10. RESTATEMENT OF BEGINNING FUND BALANCE**

As shown on Statement B, the Appropriated Account fund balance at the beginning of the year was restated for a prior period adjustment. A liability was incorrectly reported on the balance sheet as of June 30, 1999.



**OFFICE OF THE LIEUTENANT GOVERNOR  
STATE OF LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULE  
For the Year Ended June 30, 2000**

**SCHEDULE OF CHANGES IN BALANCE**

Changes in balance for the Non-Appropriated - Payroll Clearing Fund for the year ended June 30, 2000, are presented on Schedule 1.

**OFFICE OF THE LIEUTENANT GOVERNOR  
STATE OF LOUISIANA  
NON-APPROPRIATED - PAYROLL CLEARING FUND**

**Schedule of Changes in Balance  
For the Year Ended June 30, 2000**

<b>BALANCE AT BEGINNING OF YEAR</b>	<b>\$9,887</b>
<b>ADDITIONS</b>	
Payroll deduction deposits	<u>277,806</u>
Total	287,693
<b>DEDUCTIONS</b>	
Payroll deduction disbursements	<u>(272,136)</u>
<b>BALANCE AT END OF YEAR</b>	<u><u>\$15,557</u></u>



**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws and regulations and on internal control as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (225) 339-3800  
FACSIMILE: (225) 339-3870

December 14, 2000

Report on Compliance and on Internal Control Over Financial Reporting  
Based Solely on an Audit of the Special Purpose Financial Statements  
Performed in Accordance With *Government Auditing Standards*

**HONORABLE KATHLEEN BABINEAUX BLANCO**  
**LIEUTENANT GOVERNOR**  
**OFFICE OF THE LIEUTENANT GOVERNOR**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

We have audited the special purpose (legal basis) financial statements of the Office of the Lieutenant Governor, an office within Louisiana state government, as of and for the year ended June 30, 2000, and have issued our report thereon dated December 14, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Office of the Lieutenant Governor's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Office of the Lieutenant Governor's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the special purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**EXHIBIT A**

**LEGISLATIVE AUDITOR**

**HONORABLE KATHLEEN BABINEAUX BLANCO  
LIEUTENANT GOVERNOR  
OFFICE OF THE LIEUTENANT GOVERNOR  
STATE OF LOUISIANA**

Compliance and Internal Control Report

December 14, 2000

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This report is intended solely for the information and use of the Office of the Lieutenant Governor and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is fluid and cursive, with the first name "Daniel" being more prominent.

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

NMW:EFS:DSP:ss

[LTGOV]

**EXHIBIT A**